



ASA(FM&C)
Fall 2002 Army Resource Managers' Conference

Army Budget and Legislative Update



Acting Director, Management and Control
Army Budget Office



AGENDA

- **FY 02 Recap**
- **FY 03 Overview**
 - **FY 03 Appropriation Highlights**
 - **FY 03 GWOT Funding Challenge**
 - **FY 03 Apportionment Status**
 - **FY 03 OMA Funding Letter**
- **FY 04 Current Look**
 - **FY 02-04 Total Obligation Authority**
 - **FY 04 Program Budget Review**
 - **FY 04 Legislative Update**



FY 02 Recap



FY02 – Start to Finish (\$B)

	<u>FY02 Start</u>	<u>DERF Supp</u>	<u>Additional Supp</u>	<u>FY02 End</u>
MILPERS	\$30.5	\$0.3	\$1.6	\$32.4
O&M	27.9	2.1	2.3	32.3
RDA	18.0	0.1	0.2	18.3
MILCON / AFH	3.8			3.8
Other	<u>1.6</u>		<u>0.1</u>	<u>1.7</u>
TOTAL	\$81.8	\$2.5	\$4.2	\$88.5

- ***DERF MILPERS = MPA only; excludes National Guard pay for FP missions and Airport Security (included in O&M)***



FY 03 Overview



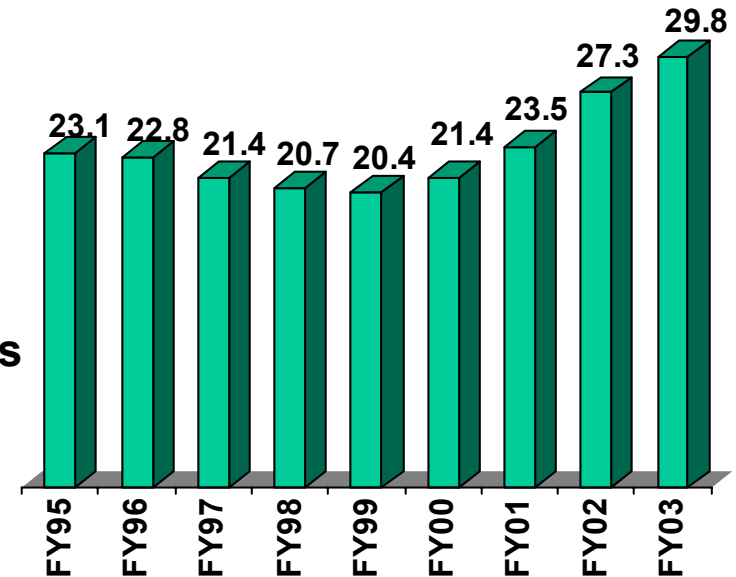
FY 03 Appropriation Highlights

	FY 02 End	PB03 Request	FY 03 Appn
Mil Per	32,600	35,620	35,295
O&M	32,300	30,641	29,872
Procurement	11,000	12,279	12,626
RDTE	7,100	6,918	7,585
MILCON	2,400	1,638	2,026
AFH	1,400	1,405	1,386
Other	1,700	2,476	1,863
Total	88,500	90,977	90,654



Operation & Maintenance Summary

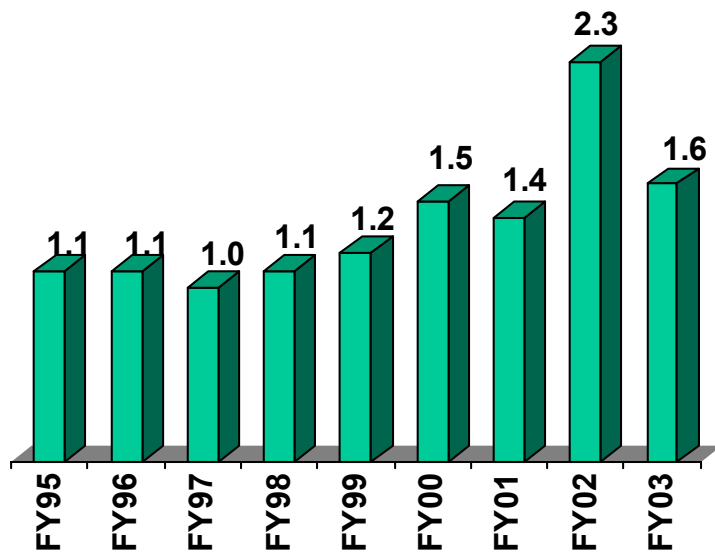
- **Readiness**
 - Supports Ground and Air OPTEMPO
 - Funds Critical Training Enablers
 - Integrated Training Area Management
 - Home Station Battle Simulation Centers
 - Simulation, Training & Instrumentation Command
 - Supports ongoing Kosovo and Bosnia Operations
 - Supports Army Transformation
- **Sustainment**
 - Supports marginal growth in the Army's Depot Maintenance Program
 - Funds Depot Maintenance Recapitalization
- **Installations and Infrastructure**
 - Funds Antiterrorism/Force Protection(AT/FP)
 - Implements Transformation Installation Management Initiative





Military Construction Summary

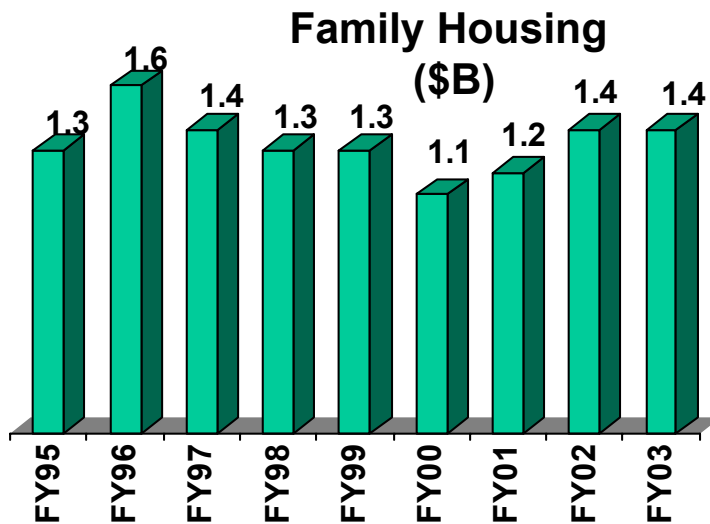
- **Improves Facilities Across the Army**
 - **Continues Top Priority Whole Barracks Renewal**
 - **Constructs Facilities to Support Transformation**
 - **Supports Force Protection**
 - **Provides Reserve Component Centers, Maintenance Shops & Other Facilities**
 - **Begins an Efficient Basing Initiative in Germany**





Family Housing Summary

- **Supports Quality of Life for Soldiers**
 - **Privatizes 17,000 Family Housing Units (MPA)**
 - **Revitalizes 912 Family Housing Units**
 - **Operates and Maintains 95,000 Units**
 - **Leases 15,000 Off Post Housing Units**





FY 03 Apportionment Status



FY 03 Apportionment Status

<u>APPN</u>	<u>Amt Approp</u>	<u>1st Quarter Request</u>	<u>% of Approp Amount</u>	<u>Status</u>
MPA	\$26,775.0	\$6,872.0	25.7%	Approved
NGPA	5,114.6	1,534.4	30.0%	Approved
RPA	3,376.1	653.1	19.3%	Approved
OMA	23,677.1	8,912.4	37.6%	Not Yet Approved
OMANG	4,240.2	1,735.8	40.9%	Approved
OMAR	1,954.7	741.0	37.9%	Approved
ACFT	2,269.1	2,269.1	100.0%	Approved
MSLS	1,089.3	1,089.3	100.0%	Approved
WTCV	2,250.7	2,250.7	100.0%	Approved
AMMO	1,246.1	1,246.1	100.0%	Approved
OPA	5,770.8	5,770.8	100.0%	Approved
RDTE	7,585.4	7,585.4	100.0%	Not Yet Approved
MCA	1,683.7	1,683.7	100.0%	Approved
MCANG	241.4	241.4	100.0%	Approved
MCAR	100.6	100.6	100.0%	Approved
AFHC	280.4	280.4	100.0%	Approved
AFHO	1,106.0	376.0	34.0%	Approved
Chem/Demil				
O&M	974.2	966.7	99.2%	Not Yet Approved
R&D	302.7	298.6	98.6%	Not Yet Approved
Proc	213.3	210.4	98.6%	Not Yet Approved
NOTE: MPA, NGPA, OMA, and CHEM-DEMIL requested apportionment skewed to first 2 quarters vs straightline projection				



FY 03 OMA Funding Letter

**Chief, Current Operations Division
Directorate of Operations and Support**



What We'll Cover Today

- **Assumptions**
- **Funding Profile**
 - President's Budget to Current Position
 - Distributed Congressional Adjustments
 - Undistributed Congressional Adjustments
 - General Provisions
- **Paying the OMA Bills**
 - Unfinanced Requirements Methodology
 - The OMA Checkbook
 - Review of Unfinanced Requirements
- **Summary**



Assumptions

- **We should not expect additional funds for operations or requirements not related to Noble Eagle/Enduring Freedom**
- **We will receive a Global War on Terrorism (GWOT) supplemental - - Expect uphill struggle on amount and timing**
- **We will be required to cash flow GWOT from our base appropriation for up to 10 months; SRM will continue to be a major cash flow source**



FY03 OMA Funding Profile (\$K)

FY03 OMA PRESIDENT'S BUDGET	\$24,581,055
------------------------------------	---------------------

CONGRESSIONAL ADJUSTMENTS

Distributed Adjustments	\$152,575
--------------------------------	------------------

Undistributed Adjustments	<u>(\$741,548)</u>
----------------------------------	---------------------------

FY03 OMA APPROPRIATION	\$23,992,082
-------------------------------	---------------------

GENERAL PROVISIONS	<u>(\$351,086)</u>
---------------------------	---------------------------

FY03 OMA FUNDING LETTER POSITION	\$23,640,996
-----------------------------------------	---------------------



FY03 Congressional Marks (\$K)

Distributed Adjustments	\$152,575
General Provisions	(\$351,086)
<u>Undistributed Adjustments</u>	<u>(\$741,548)</u>
TOTAL	(\$940,059)
“No Hurt Reductions”	<u>\$764,702</u>
Revised OMA losses	\$175,357

Behind the Numbers

- Adjustments include Retirement Accruals (\$612.4M), Foreign Currency Savings (\$102M), and Pacific C2/IT Infra-Structure Transfers to OPA (\$53.2M)
- None of these actions should reduce OMA “buying power”

Historical OMA Congressional Marks

	FY99	FY00	FY01	FY02	FY03
Buying Power Loss	\$1.8B	\$1.4B	\$0.5B	\$0.5B	\$0.2B



Paying the OMA Bills Methodology/Strategy

- **Pay the Congressional marks by;**
 - **Targeting specific programs directed by Congress**
 - **Spreading unspecified reductions across the BAs using the X, X/3, X/2 formula**
 - **Address unfunded requirements in the following manner;**
 - **Use the OMA account to “cash flow” validated NE/EF GWOT tasks and pursue Supplemental funding**
 - **Focus the distribution of “checkbook” funds on EOH Issues of Interest**
 - **Do not fund UFRs resulting from President’s Budget decisions -
- use the Funding Letter to provide guidance to stay within the budgeted level**
-
-



FY03 MACOM Funding Profile (Small MACOMs) (\$K)

	A	B	C	D	E
FY03 Presidents Budget	\$ 107,155	\$ 32,731	\$ 119,532	\$ 128,942	\$ 74,590
Tech Fixes/Adjustments	\$ 123,774	\$ 186,255	\$ 64,789	\$ 19,247	\$ 80,123
Transfers	\$ (20,279)	\$ (9,959)	\$ 6,657	\$ 21,135	\$ (6,096)
Revised Start Point	\$ 210,650	\$ 209,027	\$ 190,978	\$ 169,324	\$ 148,617
Exemptions	\$ (1,240)	\$ (334)	\$ (35,182)	\$ (18,731)	\$ (24,294)
Distributed Adjustments	\$ (109)	\$ (59)	\$ (247)	\$ (3,542)	\$ (1,303)
Undistributed Adjustments	\$ (379)	\$ (378)	\$ 4,550	\$ (265)	\$ (221)
General Provisions	\$ (1,060)	\$ (1,056)	\$ (823)	\$ (739)	\$ (633)
FY03 Funding Letter	\$ 209,102	\$ 207,534	\$ 194,458	\$ 164,778	\$ 146,460
Percentage of FY03 Start Point	99%	99%	102%	97%	99%



Paying the OMA Bills Methodology

- Pay the Congressional marks by targeting specific programs directed by Congress and spreading unspecified reductions across the BAs using the standard X, X/3, X/2 methodology.
- Address unfunded requirements in the following manner:
 - Use the OMA account to “cash flow” validated NE/EF GWOT tasks and pursue Supplemental funding
 - Focus the distribution of “checkbook” funds on EOH Issues of Interest
 - Do not fund UFRs resulting from President’s Budget decisions - - use the Funding Letter to provide guidance to stay within the budgeted level

Keys to Process Discipline

- The FY03 budget has gone through the POM, BES
- The PEGs, CofC, PPBC, and SRG developed and reviewed the FY03 budget at key decision points
- We’ve outlined the FY03 strategy to Congress and the Army

- If a requirement is not adequately funded in the POM, BES or PB
- Is not a compelling emerging requirement since the PB and is not directly related to the GWOT, then...
- The responsible DA Staff proponent, in conjunction with the MACOMs, should develop a plan now to stay within the budgeted level



The Checkbook (\$M)

- **Sources of Funds:** Undistributed account \$317M
- **Generating Additional Revenue:** Three other options explored but not recommended
 1. 1% tax on the entire OMA Appropriation (no exemptions) yields @ \$236 M
 2. 1% tax on non-exempt taxable funding base - yields @ \$149 M
 - \$69M of which would be BOS & SRM
 3. 1% tax on BOS & SRM - yields @ \$69 M

•Robs Peter to pay Paul
•Passes risk to the field

Conclusion: Use the undistributed account as the sole source of the Funding Letter checkbook



Executive Office of the Headquarters (EOH) Issues of Interest (\$K)

- Can fund \$317M of the \$350M Spares requirement (Short \$33M)

Staff Priorities	UFR Title	Amount
0	SPARES: ADDITIONAL Current Year TOA	\$ 350,000
0	Army Aviation Transformation	\$ 46,110
0	Aviation Training (Includes Flight School XXI)	\$ 68,500
0	Stryker IBCT International Loaner Vehicle (CLS and Rebuild)	\$ 20,000
0	Personnel Transformation	\$ 21,000
0	eArmy University	\$ 23,000
19	Stryker Brig Combat Team Transformation, Combat Training Center Program	\$ 3,470
20	Officer Education System (OES)	\$ 21,000
21	SBCT Preparations (USARPAC/USACE)	\$ 70,506
22	TRADOC DTLOMS Support	\$ 123,900
24	Army Knowledge Management (The Army Portal)	\$ 24,000
37	Train the Load TRAP Increases and Summer Surge	\$ 23,750
40	Stryker BCT Contingency Force Operations (CLS)	\$ 44,200
41	Army Aviation 90% Mission Capable	\$ 31,500
Sub Total		\$ 870,936

Cut Line:

Focus:

-Will focus efforts and resources on following priority UFRs during year of execution: (\$168M)

-Remaining Spares requirement	\$33M
-Army Aviation Transformation	\$46M
-Aviation Training	\$69M
-Stryker IBCT (CLS and Rebuild)	<u>\$20M</u>
	\$168M



Centrally Managed Accounts- A Corporate Army Bill (\$K)

Staff Priorities	UFR Title	Amount
12	Second Destination Transportation (Multiple)	\$ 18,200
39	GSA Leases	\$ 36,599
40	Disposition of Remains	\$ 5,584
69	Army Civilian Intern Program	\$ 5,000
225	Civilian Personnel Support - CPOC Operations	\$ 21,712
241	Defense Security Service - Personnel Security Investigation	\$ 2,000
369	Army Claims Program	\$ 17,056
413	Annuities for Certain Military Surviving Spouses	\$ 1,300
421	DFAS: ACCOUNTING SERV, GWOT TVL VOU, PPA	\$ 23,000
450	Nat'l Archives Records Admin Reimb Prog (OMA)	\$ 7,444
486	Commercial Travel Office	\$ 8,095
Total		\$ 145,990

Areas to monitor and address during the mid-year review



Options Considered

- ✓ **Option One:**
 - **Apply Undistributed Account toward Spares; \$317M**
 - **Focus resources as available during year of execution on EOH areas of emphasis; \$168M**
 - **Closely monitor Centrally Managed Accounts and re-address during mid year review**
- **Option Two:**
 - **Cash Flow Spares (\$350M) from OPTEMPO**
 - **Pay all CMA (\$146M)**
 - **Pay all remaining Priority (0) EOH UFRs (\$171M)**
 - **Pay \$60,500 toward Aviation Training**
 - **No Reserve**
- **Option Three: Pay CMA and all EOH (0) UFRs (\$708M); Requires \$391M in additional taxes under one of three branches**
 - **5.7% Tax on Base Support [(29% Tax On SRM)(Funded at 43%)]**
 - **2.6% Tax on non exempt OMA Base**
 - **1.7% Tax on entire OMA Appropriation**

EOH Decision: Option 1



Summary

- **Use the OMA account to “cash flow” validated NE/EF GWOT (to include Spares) tasks and pursue Supplemental funding**
- **Approve UFR Payment Option One:**
 - **Apply Undistributed Account toward Spares; \$317M**
 - **Focus resources as available during year of execution on EOH areas of emphasis; \$168M**
 - **Closely monitor Centrally Managed Accounts and re-address during mid year review**
- **Do not fund UFRs resulting from President’s Budget decisions - - use the Funding Letter to provide guidance to stay within the budgeted level.**

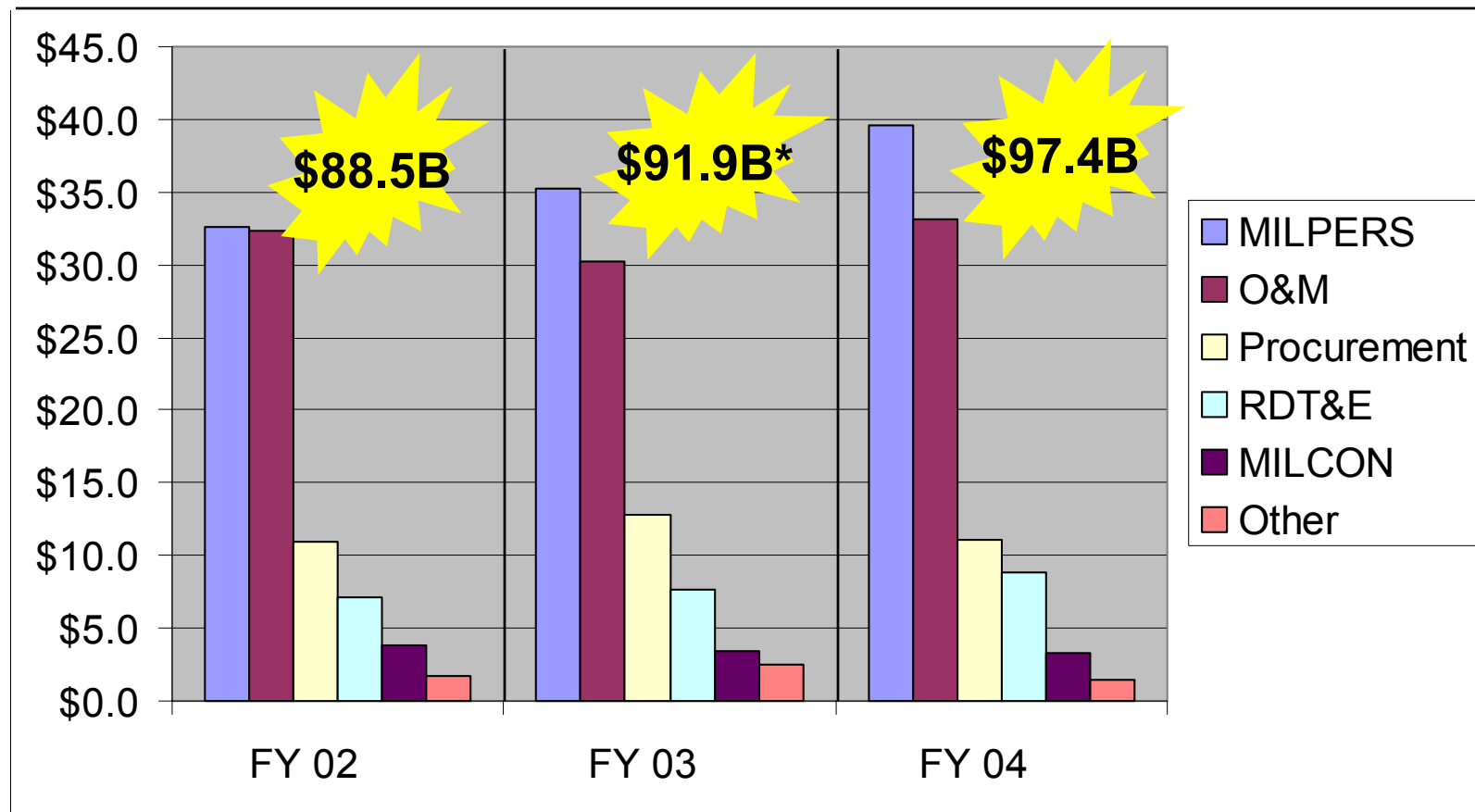


FY 04 Current Look



Total Obligation Authority

\$B



* Does not include general provision; FY03 PB



FY 04 Legislative Update

Mission Analysis Strategy For The 108th Congress

Charts deleted. Not cleared for public release.

**Chief, Congressional Budget Liaison Office
Army Budget Office**